

[24 April, 2001]

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facility and concessions in fares of international flights to the retired Government employees as suggested by Fifth Pay Commission;

(f) if so, the details thereof; and

(g) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) Yes, Sir.

(b) to (d) These and other related suggestions were considered in the context of the budget exercise and Government decisions is reflected in the Budget for the year 2001-02 presented to Parliament by the Finance Minister.

(e) No, Sir. No such proposal has been made by 5th Central Pay Commission.

(f) and (g) Do not arise.

Panic in Stock Market

4212. SHRI P. PRABHAKAR REDDY: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that a Rs. 843 crore scam hit some leading banks and the Stock Market on Friday, the 30th March, 2001 leading to the arrest of a suspected prominent broker;

(b) if so, the details thereof;

(c) whether Government are aware that following the scam, there is acute panic in the share market; and

(d) if so, what steps are proposed to be taken in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) The Reserve Bank of India (RBI) has intimated that the Mandvi (Mumbai) Branch of Madhavpura Mercantile Co-operative Bank Ltd. (MMCBL) has allowed unsecured/unauthorized overdrafts to the extent of about Rs. 843 crore to companies in which either Ketan Parekh or his close relatives were directors.

The Central Bureau of Investigations (CBI) has intimated that 13 pay orders issued by MMCBL (Mandvi Branch) on 8th and 9th

March, 2001 amounting to Rs. 137 crores in favour of Ketan Parekh's firms were purchased/discounted by Bank of India, (BOI) Stock Exchange Branch. Subsequently, when the said pay orders were sent for clearing these returned unpaid because MMBCL did not participate in the clearing from 12th March, 2001 onwards.

The CBI, BS&FC, Mumbai branch registered case number RC 3/E/2001-BSFC/MUM on 30th March, 2001 against Ketan Parekh and 10 others for defrauding BOI, Stock Exchange Branch, Mumbai of Rs. 137 crore, on the basis of a specific complaint from the Chief Vigilance Officer, BOI, Mumbai. Ketan Parekh was arrested on 30th March, 2001.

(c) and (d) With a view to improving institutional mechanisms and trading practices in the stock markets, Government proposes to demutualise all stock exchanges, by which ownership, management and trading membership would be segregated from each other. The other steps proposed include, *inter-alia*, appropriate strengthening of SEBI.

Loans against States

4213. SHRI BRAHMAKUMAR BHATT: Will the Minister of FINANCE be pleased to state:

(a) the State-wise loans including interest, outstanding against States as on 31st March, 2000 and 31st March, 2001;

(b) the details of loans and advances made to States during 2000-01;

(c) whether there are some provisions to write off the loans against States whose financial condition is bad; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI BALASAHEB VIKHE PATIL): (a) and (b) State-wise details of loans outstanding against States on 31st March, 2000